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LEADER OF INTERNATIONAL COUNTERFEIT DOCUMENT ORGANIZATION INDICTED IN DENVER AFTER MULTI-YEAR INVESTIGATION

DENVER - Bill Leone, Acting United States Attorney for the District of Colorado; Marcy Forman, Director of Investigations for the U.S. Immigration and Customs Enforcement (ICE); Danielle Buntin, Acting Special Agent in Charge of the Social Security Administration's Denver Office of the Inspector General; Terry L. Stuart, Special Agent In Charge of the IRS-Criminal Investigation, Denver Field Office; and Kathleen Roberts, Postal Inspector In Charge in Denver, announced that Pedro Castorena-Ibarra (aka Pedro Castorena), age 42, of Guadalajara, Mexico, was indicted Monday, July 11, 2005 by a federal grand jury in Denver, Colorado for his involvement in masterminding a criminal organization responsible for the illegal production and distribution of counterfeit identification documents.

The Department of Justice considers Castorena-Ibarra a fugitive from justice hiding in Mexico. The Justice Department will begin to attempt to extradite Castorena-Ibarra to the United States to face the criminal charges.

According to the indictment, beginning on or before May 1998, and continuing through February 2005, Castorena-Ibarra conspired with others to manufacture and provide support to manufacture and distribute counterfeit alien registration cards, Social Security cards, and other identification documents, including Republic of Mexico identification documents, such as the Matricula Consular Identification cards, to foreign nationals unlawfully present in the United States, and others, for a fee. He faces charges of Fraud and Misuse of Permits and Other Documents, Fraud and Related Activity in Connection with Identification Documents and Document Making Implements, Social Security Fraud and Conspiracy to Launder a Monetary Instrument.

Acting United States Attorney Bill Leone said, "Large scale document forgery operations are a menace. They supply a tool to criminals of every persuasion in forms as various as false drivers licenses, false birth certificates, false social security cards, false insurance cards and false foreign identification documents. These tools help the criminal conceal his identity, gain access to places and benefits to which they should not have access, and can facilitate identity and other forms of theft. They serve as a one-stop shop not only for illegal immigrants, but for drug smugglers, money launderers and potential terrorists. By allowing these organizations to exist we give terrorists and

other criminals one more tool to ply their trade. By aggressively prosecuting these types of organizations we hope to disrupt the infrastructure that supports this criminal activity and to deprive all criminals, including those who seek to conceal themselves within our society and commit acts of terrorism, of their tools. In addition, widespread use of false identity documents is a corrosive influence on our daily lives. It is simply intolerable to have a material segment of our society living a lie on a daily basis. We will continue to seek out and dismantle wherever possible these types of organizations, their support structure and their illicit business organization."

Marcy Forman, Director of Investigations for U.S. Immigration and Customs Enforcement (ICE):
"This criminal organization represents one of the largest and most sophisticated document fraud rings ever uncovered - so much so that it set up franchises in most major U.S. cities and counterfeited dozens of types of documents. Fraudulent documents can be provided to terrorists and other criminals, posing a major homeland security vulnerability. Working with our law enforcement partners, ICE will continue to identify and shut down these vulnerabilities."

BACKGROUND

The investigation leading to this indictment began in October 2000 when agents from Immigration and Customs Enforcement (ICE), with the assistance of investigators from the Internal Revenue Service (IRS), the Social Security Administration-Office of Inspector General (SSA OIG) and the U.S. Postal Inspection Service (USPIS), began investigating the sale and distribution of counterfeit identity documents in the areas of 30th and Zuni Street and 8th and Federal Boulevard in Denver, Colorado. Both areas have been the focus of several previous investigations and enforcement operations regarding counterfeit immigration identification documents.

During the course of the investigation Castorena-Ibarra was identified as the leader of a large scale criminal organization involved in manufacturing and distributing counterfeit identity documents, including resident alien cards, social security cards, Mexico Matricula Consular ID Cards, driver's licenses and identity documents from various states of Mexico and the United States.

The investigation revealed that Castorena-Ibarra and other members of his criminal organization have been involved in manufacturing and distributing counterfeit identity documents in numerous cities throughout the United States, including Los Angeles, California, Chicago, Illinois, Atlanta, Georgia, Winston-Salem, North Carolina, Lincoln, Nebraska, Des Moines, Iowa, Albuquerque, New Mexico, and Denver, Colorado, as well as other locations throughout the United States. Investigators found that previous investigations conducted in Los Angeles and other cities dating back to the late 1980s also targeted members of the Castorena-Ibarra family and organization.

Another organization member, identified as Francisco Javier Miranda-Espinosa was also indicted on similar charges by the same federal grand jury on July 11, 2005. Miranda-Espinosa was previously arrested by ICE agents on January 20, 2005, at his residential apartment in Aurora, Colorado, where agents seized several hundred counterfeit identity documents and various document making implements, including a silk-screen printing press. Immediately following the arrest, a search of an Aurora storage unit uncovered 21 silk-screen printing templates and negatives which had been utilized to produce bulk quantities of counterfeit identity document laminates complete with security seals and holograms.

Miranda-Espinosa was subsequently indicted in Colorado in February 2005 for unlawful reentry to the United States after deportation after investigators learned that he had previously been convicted in 2000 in Los Angeles, California, where he had been involved in the manufacturing and distributing of counterfeit identity documents in a Los Angeles cell of Pedro Castorena-Ibarra's organization. Miranda-Espinosa served approximately 36 months for his 2000 counterfeiting related conviction in the U.S. District Court in Los Angeles before he was deported to Mexico. Miranda-Espinosa was sentenced in U.S. District Court in Denver on Monday, July 11, 2005, to serve 20 months in federal prison by Chief U.S. District Court Judge Lewis T. Babcock after pleading guilty to the 2005 Unlawful Reentry After Deportation charge.

TEXAS INVESTIGATION

According to numerous court affidavits filed in U.S. District Court in Denver in support of criminal complaints, arrest warrants and search warrants associated with this investigation, the organization led by Pedro Castorena-Ibarra was previously targeted during a 1994 San Antonio, Texas investigation. That investigation focused on Castorena-Ibarra and several of his family members, including his brothers Alfonso and Francisco Javier Castorena-Ibarra. The 1994 investigation identified the Castorena-Ibarra brothers as the leaders of a criminal organization that manufactured and distributed counterfeit alien registration cards and social security cards throughout the United States.

The three Castorena-Ibarra brothers were indicted in May 1995 in the Northern District of Texas, along with 16 other co-defendants. Alfonso and Francisco Javier Castorena-Ibarra were subsequently arrested in Los Angeles, California pursuant to the Northern District of Texas indictment. Each subsequently pled guilty to a felony offense, served a short prison sentence and was eventually deported from the United States to Mexico. Pedro Castorena-Ibarra avoided arrest and prosecution in that case by fleeing to Mexico where he remains a fugitive in that case today.

DENVER INVESTIGATION

The investigation that began in Denver, Colorado in October of 2000 ultimately led investigators to discover that Pedro Castorena-Ibarra was continuing to be actively involved in the manufacture and distribution of counterfeit identity documents in various cities throughout the United States, including Denver, Colorado, from the relative sanctuary of his residence in Mexico. The investigation revealed that Pedro Castorena-Ibarra was utilizing various other members of the organization, including Hector Rivera-Lopez, Alejandro Bravo (aka Javier Bravo-Garcia), Oscar Perez-Flores, his brother-in-law Gerardo Deleon-Trejo and Francisco Javier Miranda-Espinosa, to carry out the organization's activities in Denver, Colorado and other cities.

Investigators in Denver previously arrested Hector Rivera-Lopez in 2000 and seized a counterfeit identity document-manufacturing laboratory that was operating in an apartment in Wheatridge, Colorado. In May 2003, investigators from Denver located Alejandro Bravo in Winston-Salem, North Carolina, where he was arrested and a counterfeit identity document-manufacturing laboratory was found to be in operation in his motel room. Bravo had been identified as a high ranking member of the organization who worked directly for Pedro Castorena-Ibarra and his other siblings and was responsible for collecting the proceeds from the sale and distribution of counterfeit identity documents in Denver and then funneling a portion of those funds to Pedro Castorena-Ibarra and

other organization members in Atlanta, Georgia, Los Angeles, California and Mexico. Also in May 2003, agents in Denver arrested Oscar Perez-Flores along with several additional organization members and seized two counterfeit identity document-manufacturing laboratories that were found to be in operation in apartments in Denver. Oscar Perez-Flores was identified as a member of the organization who took charge of the Denver cell following the arrest and conviction of Hector Rivera-Lopez.

In 2004, agents in Denver identified Pedro Castorena-Ibarra's brother-in-law, Gerardo Deleon-Trejo, as the Denver cell leader of the organization who replaced Oscar Perez-Flores. Gerardo Deleon-Trejo was arrested at his Denver apartment in June 2004, where a counterfeit identity document-manufacturing laboratory was also found and seized.

INFORMANT INSERTED IN THE ORGANIZATION

During the summer of 2004, ICE agents in Denver infiltrated a former member of the organization, who had previously been convicted in an earlier portion of the investigation, back into the organization. This former member of the organization served a three-year federal prison sentence and then agreed to work with ICE agents as a deep cover informant. The informant was deported to Mexico in January 2004, and subsequently engaged in a meeting with Pedro Castorena-Ibarra in Guadalajara, Mexico. Pedro Castorena-Ibarra agreed to place the informant back into the organization in Denver as a reward for "serving his time honorably."

The informant subsequently returned to Denver where he recorded numerous telephone conversations with Pedro Castorena-Ibarra and other organization members as they went about setting up a new cell of the organization with a counterfeit identity document manufacturing laboratory in Glendale, Colorado, and continued to distribute counterfeit identity documents near the area of 8th and Federal Boulevard in Denver. The subsequent undercover investigation ultimately identified numerous additional organization members and led to the arrest of Francisco Javier Miranda-Espinosa and ten additional organization members. The undercover investigation also resulted in the seizure of counterfeit identity document-manufacturing laboratories in Aurora, Colorado, Glendale, Colorado, Lincoln, Nebraska, Chicago, Illinois, and Des Moines, Iowa.

Several high ranking members of the organization, including Francisco Javier Castorena-Ibarra and Maria Castorena-Ibarra, both siblings of Pedro Castorena-Ibarra, were also identified and arrested during the course of the investigation in Los Angeles, California and Atlanta, Georgia. During the investigation, agents traced several hundred thousand dollars in proceeds from the sale and distribution of counterfeit identity documents that had been sent from Denver, to Pedro Castorena-Ibarra and his subordinate organization members in Los Angeles, Atlanta and Mexico through various bank accounts and money wire remitters, such as Western Union, MoneyGram and Orlandi Valuta.

LOS ACAPULCOS ORGANIZATION

While investigating this case in Denver, ICE agents became aware of a competing organization dubbed the Los Acapulcos Organization," that began manufacturing and distributing counterfeit identity documents in the Denver area in direct competition with members of the Castorena-Ibarra organization. Agents received several reports of assaults and other confrontations between members of these rival groups during the course of the investigation. ICE agents, with the assistance of agents from the Colorado Bureau of Investigation and officers from the Aurora Police Department, ultimately identified and arrested 15 members of the "Los Acapulcos Organization," including the alleged leader of that organization, who has been identified as Balfre Reynoso-Alvarez. Reynoso-

Alvarez was indicted by a federal grand jury in Denver on various fraud and counterfeiting related charges in March 2005.

Since the beginning of these investigations in Denver in October 2000, federal investigators have arrested and prosecuted more than 50 members of the Castorena-Ibarra and Los Acapulcos organizations in Denver. Scores of additional members of both organizations have been identified, arrested and deported from the United States to Mexico, Columbia and El Salvador. Agents have seized 20 computerized counterfeit identity document manufacturing laboratories and tens of thousands of blank counterfeit identity documents, one silk screen printing press, 21 silk screen printing negatives/templates, 21 computers, 9 handguns and more than \$100,000 in U.S. currency.

The United States government plans to file a formal request for extradition of Castorena-Ibarra with the government of Mexico.

If convicted on the indicted charges, Pedro Castorena-Ibarra and Francisco Javier Miranda-Espinosa each face up to 20 years imprisonment on the Money Laundering charges and between 5 and 15 years imprisonment for the Social Security Fraud and Document Fraud counts. In addition, Francisco Javier Miranda-Espinosa was charged with an Aggravated Identity Theft charge that carries a term of 2 years imprisonment consecutive to any other felony conviction charged in the indictment.

This case has been actively investigated and prosecuted under the direction of Assistant United States Attorney Joseph Mackey with undercover investigation approval from the United States Attorney for the Districts of Colorado and the Central District of California in Los Angeles.

These charges are only allegations and the defendants are presumed innocent unless and until proven guilty.

ICE

U.S. Immigration and Customs Enforcement (ICE) was established in March 2003 as the largest investigative arm of the Department of Homeland Security. ICE is comprised of five integrated divisions that form a 21st century law enforcement agency with broad responsibilities for a number of key homeland security priorities.